

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5094-02  
Bill No.: HCS for HB 1885  
Subject: Medicaid/MO HealthNet; Disabilities; Elderly; Social Services Department  
Type: Original  
Date: March 6, 2018

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Bill Summary: This proposal allows structured family caregiving as a covered service under MO HealthNet, subject to the approval of federal waivers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$217,500)	\$0 to (\$2,043,356)	\$0 to (\$2,094,673)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$217,500)</b>	<b>\$0 to (\$2,043,356)</b>	<b>\$0 to (\$2,094,673)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal *	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income, savings, expenses and losses \$0 to exceeding \$7,300,000 annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.896 - Structured Family Caregiving

Officials from the **Department of Health and Senior Services (DHSS), Division of Senior and Disability Services (DSDS)** provide the following assumptions:

#### Section 208.896

The proposed legislation specifies that the Department of Social Services shall request a waiver from the Centers for Medicare and Medicaid Services (CMS) to provide structured family caregiving as a home- and community-based service under Missouri's Medicaid program. DSDS assumes that any individual currently eligible for home and community based services would be eligible to apply for services under the newly created waiver.

#### Section 208.896.1

For fiscal note purposes, DSDS assumes structured family caregiving would be available to all of the individuals listed above and that two or more caregivers for each participant would require training.

Changes will be required to the Home- and Community-Based Services (HCBS) web tool system in which HCBS assessments are completed and HCBS authorizations are approved. Using a similar recent change, where an HCBS waiver was added, DSDS estimates the cost to be at least \$400,000, paid at the administrative match rate of 50 percent General Revenue (GR) and 50 percent Federal. The changes would be completed in FY2019 in preparation for implementation on July 1, 2019.

#### Section 208.896.2(8)

For fiscal note purposes, DHSS calculated the daily rate for structured family caregiving as no more than 75 percent of the daily nursing home cost cap.

DHSS calculated the daily rate for structured family caregiving based on the cost cap amount for HCBS, which is \$3,318 per month, or \$109.10 per day ( $\$3,318 \times 12 \div 365 = \$109.10$ , rounded). An annual increase in the cost cap rate of 2.5 percent is estimated based on the previous four-year average resulting in a daily rate at implementation in **FY2020 of \$114.63** ( $\$109.10 \times 1.025$  (FY19)  $\times 1.025$  (FY20) = \$114.63). **Tier I** is figured at **65 percent** of the cost cap resulting in a daily rate at implementation in FY2020 of **\$74.51** ( $\$114.63 \times 0.65 = \$74.51$ ), **Tier II** is figured at **70 percent** of the cost cap resulting in a daily rate at implementation in FY2020 of **\$80.24** ( $\$114.63 \times 0.70 = \$80.24$ ), and **Tier III** is figured at **75 percent** of the cost cap resulting in a daily rate at implementation in FY2020 of **\$85.97** ( $\$114.63 \times 0.75 = \$85.97$ ).

ASSUMPTION (continued)

The estimated daily rate for **FY2021 is \$117.50** ( $\$114.63 \times 1.025 = \$117.50$ ). **Tier I** is figured at **65 percent** of the cost cap resulting in a daily rate at implementation in FY2021 of **\$76.38** ( $\$117.50 \times 0.65 = \$76.38$ ), **Tier II** is figured at **70 percent** of the cost cap resulting in a daily rate at implementation in FY2021 of **\$82.25** ( $\$117.50 \times 0.70 = \$82.25$ ), and **Tier III** is figured at **75 percent** of the cost cap resulting in a daily rate at implementation in FY2021 of **\$88.13** ( $\$117.50 \times 0.75 = \$88.13$ ).

Cost of Services

For the purposes of this fiscal note, the Tiers were established by taking the number of Aged and Disabled Waiver participants that had care plans not exceeding 75 percent of the nursing home cost cap and proportionately dividing them into tiers based on level of care. The breakdown of participants in each of the Tiers is as follows:

	Unduplicated Participants
Tier I	128
Tier II	140
Tier III	32

FY 2020

DSDS estimates the cost of structured family caregiver in FY2020 for **Tier I participants** =  $((128 \times 365 \times \$74.51 = \$0 \text{ to } \$3,481,107)$

DSDS estimates the cost of structured family caregiver in FY2020 for **Tier II participants** =  $((140 \times 365 \times \$80.24 = \$0 \text{ to } \$4,100,264)$

DSDS estimates the cost of structured family caregiver in FY2020 for **Tier III participants** =  $((32 \times 365 \times \$85.97 = \$0 \text{ to } \$1,004,130)$

DSDS estimates the cost of structured family caregiver in **FY2020 = (\$0 to \$8,585,501).**

**Oversight** notes that based on information obtained from DHSS officials, the number of participants in each Tier is based on the point count of current clients. Tier 1 clients are those clients that need the least help with daily activities (score 21-27 points on the assessment); Tier II clients need more help (score of 30-39 on the assessment); and Tier III clients need the most help (score of 42 and higher on the assessment). DHSS indicates of its current clients, 42.8% had assessment scores that put them in Tier 1; 46.5% had assessment scores that put them in Tier II; and 10.7% had assessment scores that put them in Tier III. These percentages were used to distribute the cap of 300 participants in structured family caregiver services between the tiers.

ASSUMPTION (continued)

FY 2021

DSDS estimates the cost of structured family caregiver in FY2021 for **Tier I participants** = ((128 X 365 X \$76.38 = \$0 to \$3,568,474)

DSDS estimates the cost of structured family caregiver in FY2021 for **Tier II participants** = ((140 X 365 X \$82.25 = \$0 to \$4,202,975)

DSDS estimates the cost of structured family caregiver in FY2021 for **Tier III participants** = ((32 X 365 X \$88.13 = \$0 to \$1,029,358)

DSDS estimates the cost of structured family caregiver in **FY2021 = (\$0 to \$8,800,807).**

MO HealthNet covered services are reimbursed at the Federal Medical Assistance Percentage (FMAP). For this estimate, DSDS is using the FY2019 blended rate of 34.797 percent General Revenue (GR) and 65.203 percent Federal. The estimated reimbursement amounts for structured family caregiver calculated for FY2020 and FY2021 were multiplied by the estimated number of participants for the ADW in FY2017 and the FY2019 blended FMAP rate applied.

Cost of Family Caregiver Services for Tiered HCBS Daily Rates					
	Unduplicated Participants	FY2020 Family Caregiver Daily Rate	FY2020 Estimated Annual Cost	FY2021 Family Caregiver Daily Rate	FY2021 Estimated Annual Cost
ADW					
Tier I	128	\$74.51	\$3,481,107	\$76.38	\$3,568,474
Tier II	140	\$80.24	\$4,100,264	\$82.25	\$4,202,975
Tier III	32	\$85.97	\$1,004,130	\$88.13	\$1,029,358
<b>Subtotal</b>	<b>300</b>		<b>\$8,585,501</b>		<b>\$8,800,807</b>
GR			\$2,987,497		\$3,062,417
FED			\$5,598,004		\$5,738,390

Offsetting Savings

For the purposes of this fiscal note, DSDS assumes that all 300-waiver slots would be filled by existing HCBS participants. Any slot that is filled by a participant not currently receiving HCBS services would not have an offsetting HCBS cost savings. In addition, DSDS cannot estimate the cost savings for other Medicaid services that a participant might replace with structured family caregiving.

ASSUMPTION (continued)

DSDS assumes that 150 of the 300 participants that would opt for Structured Family Caregiving would come from those currently in the ADW (Aged and Disabled Waiver) and 150 would come from those currently receiving State Plan Personal Care services.

The FY2017 paid claims expenditures for the ADW Waiver for those participants that do not exceed 75 percent of the nursing home cost cap was \$105,731,643. That cost was then multiplied by the average annual growth in the cost cap of 2.5 percent for FY 2019, FY 2020, and FY 2021. The annual costs were divided by the number of participants with paid claims (12,442 unduplicated) to get the average participant cost and then multiplied by the 150 limit. The estimated savings would be:

FY2020 = \$1,372,705

FY2021 = \$1,407,022

The FY2017 paid claims expenditures for the State Plan Personal Care services for those participants that do not exceed 75 percent of the nursing home cost cap was \$119,846,728. That cost was then multiplied by the average annual growth in the cost cap of 2.5 percent for FY 2019, FY 2020, and FY 2021. The annual costs were divided by the number of participants with paid claims (14,441 unduplicated) to get the average participant cost and then multiplied by the 150 limit. The estimated savings would be:

FY2020 = \$1,340,577

FY2021 = \$1,374,092

The FY2019 blended rate of 34.797 percent General Revenue and 65.203 percent Federal was applied to the total estimated cost waiver services for FY 2020 and FY 2021. This is the amount of the maximum estimated savings.

	FY2020 Estimated Waiver Savings	FY2021 Estimated Waiver Savings
Total	\$2,713,282	\$2,781,114
GR	\$944,1417	\$967,744
FED	\$1,769,141	\$1,813,370

Net Effect

Federal matching funds would be utilized as offset for 65.203 percent of the costs. For the purposes of this estimate, the number of unduplicated participants authorized in each waiver has no caseload growth factor applied. There is likely to be caseload growth.

ASSUMPTION (continued)

	FY2020			FY2021		
	GR	FED	TOTAL	GR	FED	TOTAL
<b>Estimated Cost</b>	(\$2,987,497)	(\$5,598,004)	(\$8,585,501)	(\$3,062,417)	(\$5,738,390)	(\$8,800,807)
<b>Maximum Savings</b>	\$944,141	\$1,769,141	\$2,713,282	\$967,744	\$1,813,370	\$2,781,114
<b>Subtotal</b>	(\$2,043,356)	(\$3,828,863)	(\$5,872,219)	(\$2,094,673)	(\$3,925,020)	(\$6,019,693)
<b>Federal Match</b>		\$3,828,863	\$3,828,863		\$3,925,020	\$3,925,020
<b>Net Effect</b>	(\$2,043,356)	\$0	(\$2,043,356)	(\$2,094,673)	\$0	(\$2,094,673)

TOTAL COST

DSDS is unable to determine the exact cost of the proposal due to the following unknown factors:

- if CMS would approve waiver amendments to add structured family caregiver;
- the number of participants who would opt for structured family caregiver;
- the amount of units of structured family caregiver each participant would use;
- the number of additional participants who would be added to the ADW waiver;
- the number of providers who would participate as structured family caregiver agencies; and
- the number of individuals each provider would have participate in train-the-trainer programs.

Therefore, the estimated total fiscal impact of this fiscal note is (\$200,000) GR in FY 2019; \$0 (waiver not approved) to (\$2,043,356) GR in FY 2020 and \$0 to (\$2,094,673) GR in FY 2021.

Section 208.896.3(1)

Submission and approval of amendments to the ADW waiver would be required by the Centers for Medicare and Medicaid (CMS) prior to implementation, no later than July 1, 2019. These duties would be absorbed by existing DHSS staff.

Section 208.896.3(2)

DHSS would be required to develop criteria, regulations, and policies for structured family caregiver agencies for staffing, quality, qualification, and training standards. These duties would be absorbed by existing DSOS staff.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state structured family caregiving shall be added as a covered home-and community-based waiver service in the Missouri Aged and Disabled Adult Waiver subject to federal approval of waiver amendments. Structured family caregiving provides for a choice of caregivers including family caregivers, and can be provided in the caregiver's home or the participant's home. Within 90 days of the effective date DSS shall apply to the United States Secretary of Health and Human Services for an amendment to the Aged and Disabled Adult Waiver to include structured family caregiving. DSS shall request an effective date of not later than July 1, 2019 and by such date shall take all administrative actions necessary to ensure timely and equitable availability.

This version requires payment to be based on medical necessity, but cannot exceed 75% of the daily nursing home cost cap.

Services in the Aged and Disabled Waiver are paid via the DHSS budget. MHD assumes structured family caregiving services will be paid via DHSS budget as well. It is also assumed that DHSS will be the operating agency for the service/program. The staffing for the program, evaluation, assessment, and policy and procedure development will be with DHSS.

This bill requires MHD to seek amendments to a Home- and Community-Based Services (HCBS) waiver to allow structured family caregiving to become a covered service. MHD assumes new provider types will need to be added in order to properly track and report this new service. This will be completed by Medicaid Management Information Systems (MMIS) and Wipro (information technology (IT) services consulting firm). It is estimated it will take 500 hours of work. Other costs include adding the new service to Cognos (data reporting tool), finance reports and Centers for Medicare and Medicaid Services (CMS) reports which accounts for 100 hours of work. There will also need to be a System Task Request (STR) completed through Wipro in order for system changes to occur which is an additional 100 hours of work. The estimated total hours of work is 700 hours. MHD uses \$100/hour to estimate the changes and updates. Therefore, the cost to MHD is \$70,000, split 75 Federal funds/25 State General Revenue. There are no ongoing costs for MHD.

DSS estimates the impact of this proposal to be a cost to GR of \$17,500 and \$52,500 to Federal Funds for FY 19 for IT system costs. DSS defers to the Department of Health and Senior Services for costs and saving associated with family caregiving.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.



ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Savings</u> - DHSS (§208.896)		\$0 to...	\$0 to...
Reduction in HCBS waiver services	\$0	\$944,141	\$967,744
<u>Costs</u> - DHSS (§208.896)		\$0 to...	\$0 to...
Webtool changes	(\$200,000)	\$0	\$0
Structured Family Caregiver services	\$0	(\$2,987,497)	(\$3,062,417)
Total <u>Costs</u> - DHSS	(\$200,000)	\$0 to (\$2,043,356)	\$0 to (\$2,094,673)
<u>Costs</u> - DSS (§208.896)			
Equipment and expense to update MMIS system	(\$17,500)	\$0	\$0
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>(\$217,500)</b>	<b>\$0 to (\$2,043,356)</b>	<b>\$0 to (\$2,094,673)</b>

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>FEDERAL FUNDS</b>			
<u>Income - DHSS (§208.896)</u>		\$0 to...	\$0 to ...
Webtool updates	\$200,000	\$0	\$0
Structured Family Caregiver service reimbursement	\$0	\$5,598,004	\$5,738,390
<u>Income - DSS (§208.896)</u>			
Increase in reimbursements	\$52,500	\$0	\$0
<u>Savings - DHSS (§208.896)</u>		\$0 to...	\$0 to ...
Reduction in HCBS waiver expenditures	\$0	\$1,769,141	\$1,813,370
Total All - <u>Income and Savings</u>	<u>\$252,500</u>	<u>\$0 to \$7,367,145</u>	<u>\$0 to \$7,551,760</u>
<u>Costs - DHSS (§208.896)</u>		\$0 to...	\$0 to ...
Webtool updates	(\$200,000)	\$0	\$0
Structured Family Caregiver Services	\$0	(\$5,598,004)	(\$5,738,390)
<u>Costs - DSS (§208.896)</u>			
Equipment and expense to update MMIS system	(\$52,500)	\$0	\$0
<u>Loss - DHSS (§208.896)</u>		\$0 to...	\$0 to ...
Reduction in HCBS waiver reimbursements	\$0	(\$1,769,141)	(\$1,813,370)
Total All - <u>Costs and Losses</u>	<u>(\$252,500)</u>	<u>\$0 to (\$7,367,145)</u>	<u>\$0 to (\$7,551,760)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2019  
(10 Mo.)

FY 2020

FY 2021

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact on small businesses that could provide structured family caregiving to clients.

FISCAL DESCRIPTION

This bill adds structured family caregiving to the MO HealthNet Program to ensure the availability of comprehensive and cost-effective choices for a MO HealthNet participant to live at home in the community of his or her choice and to receive support from a caregiver of his or her choice. The proposal is capped at 300 participants. Structured family caregiving must be added as a covered home- and community- based waiver service in the Missouri aged and disabled adult waiver, subject to federal approval of any amendments to the home- and community-based waiver and the independent living waiver which are necessary to implement these provisions.

The bill specifies what the added structured family caregiving service must include. Within 90 days of the effective date of these provisions, the Department of Social Services must, if necessary to implement the provisions of this section, apply to the United States Secretary of Health and Human Services for an amendment to the aged and disabled adult waiver and the independent living waiver for the purpose of including structured family caregiving as a covered service for eligible home- and community-based waiver care participants. The division must request an effective date of not later than July 1, 2019, and must take all administrative actions necessary to ensure time and equitable availability of structured family caregiving services for any home- and community-based care participant.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services -  
    Division of Senior and Disability Services  
Department of Social Services -  
    MO HealthNet Division  
    Division of Legal Services  
Joint Committee on Administrative Rules  
Office of Secretary of State

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director  
March 6, 2018